

## **Report to the North Carolina General Assembly**

**Submitted by the North Carolina Association of Free and Charitable Clinics on January 29, 2021**

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The North Carolina Association of Free and Charitable Clinics (NCAFCC) respectfully submits this report to Members of the North Carolina General Assembly in accordance with Section 3.3(32) of NC Session Law 2020-97 which requires NCAFCC to submit a report on the use of funds appropriated by February 1, 2021. This report summarizes NCAFCC's use of funds from the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and is submitted pursuant to the requirements of Session Law 2020-97.

### **Background**

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On May 4, 2020, the North Carolina General Assembly appropriated \$5 million through Session Law 2020-4 to NCAFCC early in the COVID-19 pandemic for distribution to our Members to cover the cost of eligible health services provided during the COVID-19 emergency. The period of performance was retroactive, beginning on March 1, 2020 through December 30, 2020. Session Law 2020-80 was subsequently enacted on July 1, 2020 and increased this appropriation to \$7.425 million and expanded the use of the funds to other costs allowed pursuant to federal guidance. On September 4, 2020, NCAFCC was appropriated through Session Law 2020-97 an additional \$5 million, bringing the total state appropriation to NCAFCC to \$12.425 million.

NCAFCC represents 70 free and charitable clinics and pharmacies serving the needs of 83 counties across the state that are a part of the state's primary care safety net. NCAFCC's clinics and pharmacies address the health care needs of the uninsured and are supported primarily through private donations and the generous volunteerism of over 7,000 health care workers. Without the ongoing intervention of safety-net providers like NCAFCC's clinics and pharmacies, uninsured patients will seek care at hospital emergency departments at a time when our State is trying to reserve scarce hospital services for COVID-19 patients in serious or critical condition. Due to volunteers and contributions, free clinics' costs to provide care is just a fraction of the costs of care at a hospital emergency room. NCAFCC clinics continue to struggle financially, as public fundraising events are prohibited, as charitable giving has decreased significantly, as volunteerism has decreased, and as demand for services has increased.

### **Scope of Work**

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As the Recipient of this appropriation, NCAFCC has distributed funds to Member free and charitable clinics and pharmacies (our "Subrecipients") to provide eligible health services to their patients. The term "eligible health services" and all other aspects of the Recipient's obligations under the grant contract have been interpreted and applied consistent with the CARES Act enacted by the U.S. Congress, as well as U.S. Treasury and North Carolina Pandemic Recovery Office (NCPRO) guidance documents.

Except for minimal funds used to cover grant-related administrative expenses incurred by NCAFCC as authorized by the contract with NCPRO, funds appropriated to NCAFCC from the Coronavirus Relief Fund have been allocated to participating Subrecipients through an allocation plan that was submitted to the NC General Assembly's Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division initially on July 8, 2020, with a revised plan submitted on October 9, 2020 in response to Session Law 2020-97. Each allocation plan was based upon three factors identified for each Member as of March 1, 2020: the number of unduplicated patients served; weekly hours of operation and the scope of medical, dental and/or pharmacy services rendered.

Grant management activities were centralized within NCAFCC to ensure compliance with contractual obligations, and to streamline communication and reporting requirements for our participating Subrecipients. Our internal process has been to distribute funds to Subrecipients only after a full review and approval of all expenditures occurs.

## Performance Through December 30, 2020

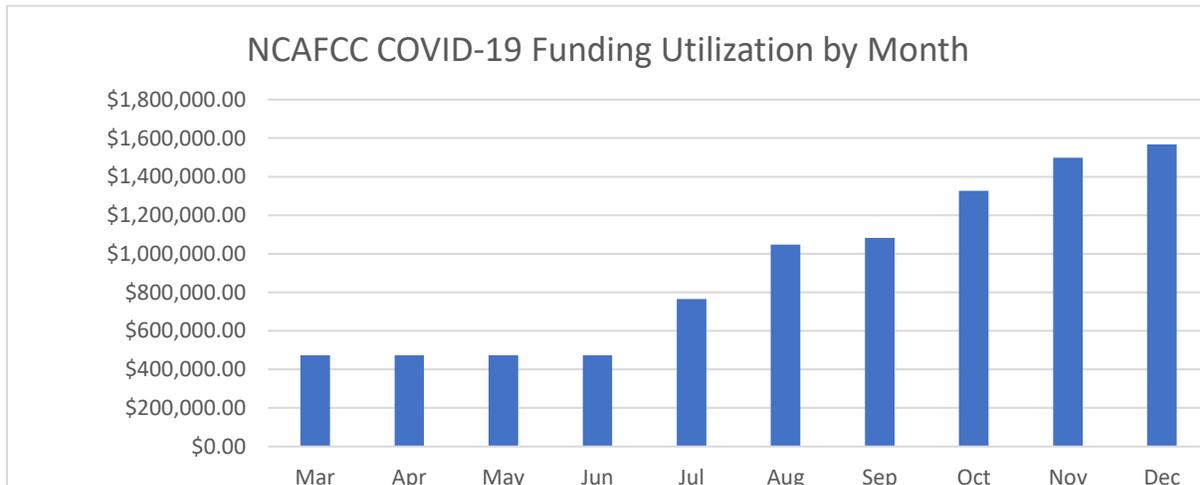
During the period of March 1, 2020 through December 30, 2020, sixty of NCAFCC's Members participated in the grant, collectively expending \$9,008,957.87 toward eligible health services related to the COVID-19 emergency. These Subrecipients provided medical, dental, behavioral health, pharmaceutical and social services to 12,677 new patients, many of whom were newly uninsured due to the COVID-19 pandemic. Additionally, they provided care to 128,885 established patients during the performance period.

Importantly, Subrecipients cared for 2,576 confirmed COVID-19 patients as well as 7,239 suspected COVID-19 patients. Sadly, to date, seven COVID-19 patient deaths have been reported by our Subrecipients.

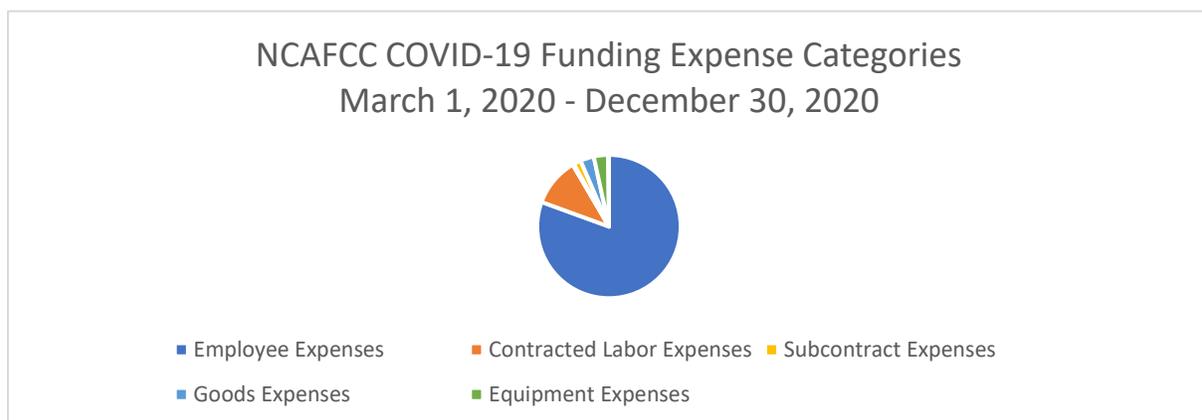
This funding provided unprecedented support to NCAFCC's membership during an intensely challenging time. As one Subrecipient described it "[Our organization] is witnessing a significant increase in demand for services, approximately 20% since April 2020. This coupled with the approximately 80% reduction in volunteers has been challenging to navigate. The organization had to cancel our fundraisers scheduled for April and August 2020 due to COVID-19. The impact of increased need, reduced volunteers, and reduced fundraising streams is a 'perfect storm' for vulnerability for free clinics and other safety-net health organizations."

A majority of the funding was used to support credentialed clinical staff positions substantially dedicated to providing patient care during the COVID-19 pandemic to uninsured individuals across our state. Staff provided much needed education and care for those with COVID-19 infection, as well as those with chronic conditions who are at increased risk of severe COVID-19 disease. Additionally, Subrecipients used the funding to provide COVID-19 testing and contact tracing in their communities.

The graph below shows the escalating monthly use of Coronavirus Relief Funds for eligible expenses. Monthly need for 2021 is projected to stabilize at approximately \$1.5 million per month.



The graph below shows the categories of eligible expenses utilized for NCAFCC's Coronavirus Relief Funds. Overwhelmingly, our Subrecipients required support for the costs of their clinical employees and contract clinical staff hired for the COVID-19 health emergency.



**Eligible Expenses Per Category (pending reporting adjustments):**

- **Employee Expenses: \$7,399,786.03**  
Employee expenses included the payroll and benefits cost of credentialed, clinical employees who were substantially dedicated to the COVID-19 health emergency at Subrecipient organizations. Additionally, this category included the hourly cost for other staff who were engaged in COVID-19 related activities.
- **Contract Labor Expenses: \$1,010,402.24**  
These expenses included the cost of COVID-19 related activities for contract labor during the COVID-19 health emergency at Subrecipient organizations.
- **Subcontract Expenses: \$154,264.23**  
Subcontract expenses included renovations to accommodate social distancing and infection control at Subrecipient facilities, such as upfitting of new clinic spaces to allow for adequate social distancing, installation of plexiglass barriers, expansion of lobby areas and installation of drive-through pharmacy windows.
- **Goods Expenses: \$281,105.07**  
Goods expenses included the cost to purchase sanitizing and disinfecting supplies, set up outdoor clinic/waiting areas, pneumonia and flu vaccines to administer to patients to reduce hospital utilization during the pandemic, medications to treat COVID-19 and medications for homeless and/or patients unemployed due to the pandemic.
- **Equipment Expenses: \$296,524.38**  
Equipment expenses included costs for securing equipment to enable telehealth capacity, COVID-19 screening and testing equipment, air purifying equipment and COVID-19 vaccine storage equipment.
- **Other Expenses: \$43,192.05**  
Miscellaneous expenses such as service fees for telehealth needs, food prescriptions to individuals suspected or diagnosed with COVID-19 to comply with public health orders, as well as cleaning/disinfecting services.

**2021 Outlook – Additional Funding Needed**

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The total of Coronavirus Relief Funds remaining unspent by NCAFCC as of December 30, 2020 is \$3,416,042.13. As the pandemic escalates and per the information provided, expenses related to the COVID-19 pandemic continue to increase and additional new funding of as much as \$15 million for 2021 may be required if the General Assembly desires for NCAFCC's Member clinics to continue to provide the same level of services and to sustain operations to meet ever-increasing needs. With continued care of uninsured patients across North Carolina, many of whom are at high risk of severe COVID disease and/or long-term consequences from COVID-19 illness, as well as engagement in COVID-19 vaccination efforts, eligible expenditures across our Membership is projected to be a minimum of \$1.5 million per month in 2021, if the General Assembly desires to continue to support this program of care and services through NCAFCC's member clinics.